STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2004-313

October 22, 2004

PUBLIC UTILITIES COMMISSION
Investigation into the Routine Network Modification Requirements of the Federal Communication Commission's Triennial Review Order and the Rapid Response Complaints of Skowhegan Online, Inc. (4/21/04) and Cornerstone Communications Inc.'s (5/6/04)

ORDER

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

In this Order, we find that the network modifications requested by Skowhegan Online, Inc. (SOI) and Cornerstone Communications, Inc. (Cornerstone), namely the conversion of a subscriber loop carrier (SLC) from Mode II to Mode I in order to provision Integrated Services Digital Network (ISDN) services, constitute routine network modification which Verizon Maine (Verizon) must perform pursuant to section 51.319(a)(8) of the Federal Communication Commission's (FCC) rules. We also find that, absent a specific showing to the contrary by Verizon, the costs associated with routine network modifications will be assumed to be recovered in existing recurring and non-recurring rates for unbundled network elements (UNEs).

II. PROCEDURAL HISTORY

On April 21, 2004, SOI filed a Rapid Response Complaint against Verizon claiming that Verizon had improperly rejected four SOI orders for loops to provision ISDN service.[1] SOI argued that the activities necessary for Verizon to provision SOI's orders are "routine network modifications" as defined in the FCC's *Triennial Review Order* (*TRO)*[2] and that Verizon should be required to perform them on behalf of SOI. In response to SOI's complaint, Verizon provided information outlining the reasons for Verizon's rejection of the specific orders.

On May 6, 2004, the Rapid Response Process Team (RRPT) held a conference call with the parties. There was a lengthy discussion regarding the types of

[1] ISDN service provides a 64 – 128 kb line capable of carrying voice and data.

[2] *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket 01-338 (rel. August 21, 2003) (*Triennial Review Order* or *TRO*).

modifications that are necessary to convert a SLC from Mode II to Mode I and whether Verizon should be required to undertake those modifications pursuant to the FCC's routine network modification rules. *See* 47 C.F.R. § 51.319(a)(8). SOI contended that the process was relatively simple and consisted entirely of activities included on the FCC's list of routine modifications. Verizon argued that the conversion required several steps and that it would not re-configure the mode of a SLC to provide ISDN to its own retail customers. Verizon claimed that, rather than switching modes, it would eventually upgrade the entire SLC to Litespan or other fiber-fed technology which would allow for the provision of advanced services such as xDSL and ISDN. Until it made the upgrade, Verizon would reject its own retail order for ISDN in the circumstances at issue. Verizon also pointed out that, even if the modes on the SLCs were changed, it still could not provision SOI's orders due to the lack of distribution facilities to the customers or the SLC lacking four contiguous time slots needed to provision ISDN.

On May 6, 2004, Cornerstone filed a Rapid Response Complaint alleging that Verizon had improperly refused to process Cornerstone IDSN Digital Subscriber Line (IDSL)[3] service orders in several Verizon exchanges. Cornerstone contended that Verizon was unwilling to perform the routine network modifications necessary to enable Verizon to provision Cornerstone's orders. Cornerstone specifically contended that the modifications necessary to provision its orders were specifically identified by the FCC in the *TRO* as "routine network modifications" which Verizon must perform for its competitors.[4] Verizon contended that all of Cornerstone's orders involve SLCs operating in Mode II, which do not support the provision of ISDN circuits. Verizon further contended that "VZ-ME's practice is not to undertake such a conversion [from Mode II to Mode I] as a means for provisioning individual ISDN retail orders unless there is an indication of significant growth in the area."

We opened our investigation on May 18, 2004. In the Notice of Investigation, we defined the scope of the investigation to include the interpretation and application of the FCC's routine network modification rule, 47 C.F.R. § 51.319(a)(8). We also sought to determine whether the specific modifications necessary to fulfill the requests of SOI and Cornerstone to convert SLCs from Mode II to Mode I fall under the FCC's routine network modification rule.

On June 16, 2004, Verizon, SOI, Cornerstone, and intervenors AT&T Communications of New England, Inc. (AT&T), the CLEC Coalition (Mid-Maine Communications, Oxford Networks, Revolution Networks, and Pine Tree Networks), Conversent Communications of Maine, LLC (Conversent), and Covad Communications Company (Covad) filed their initial briefs with the Commission. Reply briefs were filed

[3] IDSL is a method of providing xDSL over ISDN lines.

[4] Cornerstone also raised the issue of Verizon's insistence that Cornerstone sign an amendment to its interconnection agreement before Verizon would perform any routine network modifications. This issue is being addressed in Docket No. 2004-135, *Verizon Maine, Request for Arbitration*.

by the same parties, along with intervenor Biddeford Internet Company, d/b/a Great Works Internet (GWI), on June 28, 2004.

On July 1, 2004, the Hearing Examiner held a pre-hearing conference call on during which the parties stipulated to the following facts:

1. The process necessary for a Mode II to Mode I conversion requires:

    a. Adding four line cards - two in the central office and two at the SLC;
    b. Taking away two line cards - one in the central office and one at the SLC;
    c. Provisioning two additional T1s back to the central office; and
    d. Rearranging time slots if necessary.

2. Each of the individual steps in the mode conversion process is included in the FCC's list of routine network modifications; and

3. Verizon performs all of those individual activities on a regular basis.

On July 8, 2004, the Commission held a hearing, which was attended by all of the listed parties and the Office of the Public Advocate (OPA).

The Hearing Examiner issued her Report on September 9, 2004, recommending that the Commission find that conversion of a SLC from Mode II to Mode I constitutes a routine network modification under the FCC's rules and that Verizon be required to perform the modification at no additional cost, unless and until the Commission approved a specific rate for the modification. Exceptions were filed on October 1, 2004, by Verizon, SOI, Conversent, and AT&T. SOI, Conversent and AT&T reiterated their arguments concerning Verizon's practices, the FCC's finding and pricing issues, and each recommended that we adopt the Examiner's Report. Verizon, on the other hand, objected to the Examiner's Report and urged us to reject it. Verizon argued that the Examiner misread the evidence concerning Verizon's *construction* activities and applied it as a justification for finding that Verizon performed those activities in *provisioning* retail orders. Verizon claimed that the FCC's rules do not require it to perform construction activities on behalf of CLECs.

III. LEGAL STANDARDS

The Telecommunications Act of 1996 (TelAct) requires incumbent local exchange carriers (ILECs) to provide competitive local exchange carriers (CLECs) with nondiscriminatory access to the incumbents' networks. The TelAct states that each ILEC has the duty to provide "interconnection with the local exchange carrier's network that is at least equal in quality to that provided by the local exchange carrier to itself"

and to provide "nondiscriminatory access to network elements on an unbundled basis at any technically feasible point." 47 U.S.C. § 251(c)(2)(B); 47 U.S.C. § 251(c)(3).

In its *Local Competition Order*, the FCC interpreted the TelAct's non-discrimination standard as requiring ILECs to provide superior access to the network. *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996,* First Report and Order, CC Docket No. 96-98 (rel. August 8, 1996) (*Local Competition Order)*. Specifically, the FCC held that:

> An incumbent LEC shall provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the incumbent LEC's network that, if so requested by a telecommunications carrier and to the extent technically feasible, is superior in quality to that provided by the incumbent LEC to itself or to any subsidiary, affiliate, or any other party to which the incumbent LEC provides interconnection.

Id. at 314. The FCC further ruled:

> To the extent technically feasible, the quality of an unbundled element, as well as the quality of the access to such unbundled network element, that an incumbent LEC provides to a requesting telecommunications carrier shall, upon request, be superior in quality to that which the incumbent LEC provides to itself.

Id. The FCC reasoned that the obligation to provide equal or superior access to unbundled elements furthered Congress's goal of promoting competition in the local exchange market by allowing competitors to provide services that the incumbent does not offer. *Id.*

The FCC's rules were challenged by ILECs, and in *Iowa Utilities Board v. FCC,* the Eighth Circuit held that the TelAct does not require ILECs to provide CLECs with superior access to the network. *Iowa Utilities Board v. FCC*, 120 F.3d 753, 812 (8th Cir. 1997) (*Iowa I*). The court interpreted the language of the TelAct ("at least equal in quality") to establish "a floor below which the quality of the interconnection cannot go." *Id.* The court held that the FCC's superior quality standard was inconsistent with the TelAct's language, and thus struck the rules down. *Id.* at 813

Prior to *Iowa I*, ILECs had routinely performed simple tasks which were necessary to provision high capacity circuits, such as replacing line cards and multiplexers. However, by early 2000, ILECs, particularly Verizon, began to reject CLEC orders for high capacity circuits because there were "no facilities available."

Underlying Verizon's claimed lack of facilities was its policy of rejecting any order which required "construction" of a superior network. *TRO* at ¶ 639 n. 1936.

In 2003, the FCC released the *TRO*, which included a specific rule concerning performance of routine network modifications by ILECs. The FCC ruled that "incumbent LECs, in provisioning high-capacity loop facilities to competitors, must make the same routine modifications to their existing loop facilities that they make for their own customers." *Id.* at ¶ 633. The FCC set forth a list of activities that ILECs regularly perform for their own customers to provision high capacity loops, including, but not limited to: "rearrangement or splicing of cable; adding a doubler or repeater; adding an equipment case; adding a smart jack; installing a repeater shelf; adding a line card; and deploying a new multiplexer or reconfiguring an existing multiplexer." *Id.* at ¶ 634. The FCC went on to say, however, that the routine network modification requirement was not limited to high-capacity loops:

> The requirement we establish for incumbent LECs to modify their networks on a nondiscriminatory basis is not limited to copper loops, but applies to all transmission facilities, including dark fiber facilities.

Id. at ¶ 638. In contrast to the FCC's detailed list of routine network modification activities for DS1 loops, however, the FCC did not provide a specific list of routine network modifications for each type of facility. Instead, the FCC authorized state commissions to identify the specific network modifications that are necessary to provision dark fiber and other transmission facilities.

Finally, with regard to cost recovery, the FCC granted state commissions the discretion to determine whether the costs of routine network modifications should be recovered through recurring or non-recurring charges. *TRO* at ¶ 640. The FCC cautioned state commissions to ensure that ILECs were not allowed "double-recovery" of their costs through assessment of both recurring and non-recurring charges to CLECs. Specifically, the FCC noted that:

> . . . equipment costs associated with modifications may be reflected in the carrier's investment in the network element and labor costs associated with modifications may be recovered as part of the expense associated with that investment (e.g., through application of annual charge factors (ACFs)). The Commission's rules make clear that there may not be any double recovery of these costs (i.e., if costs are recovered through recurring charges, the incumbent LEC may not also recover these costs through a NRC."

TRO at ¶ 640.

The ILECs challenged the FCC's routine network modification requirements on appeal to the D.C. Circuit Court of Appeals in *USTA v. FCC,* 359 F.3d 554 (D.C. Cir. 2004), *cert. denied* 2004 U.S. Lexis 6710 (Oct. 2004) (*USTA II).* The ILECs argued that the new routine network modification rules were too similar to the FCC's original rules requiring superior access to the network. The D.C. Court of Appeals disagreed, ruling that the FCC's rules offered a key limiting principle: "the distinction between a 'routine modification' and a 'superior quality' alteration turns on whether the modification is of the sort that the ILEC routinely performs, on demand, for its own customers." *Id.* at 577. Thus, the court upheld the routine network modification requirements.

IV. PARTIES' POSITIONS

A. Verizon

Although Verizon stipulated to the process necessary to convert a SLC from Mode II to Mode I and that all of the activities are on the FCC's list of routine network modifications, Verizon claims that because its general policy is not to covert a SLC in order to provide ISDN service,[5] it is not required to perform the conversion for a CLEC. Specifically, Verizon argues that if Verizon would not perform a particular modification (or group of modifications) to fill a retail service order for the same service the CLEC intends to provide its customer, Verizon is not obligated to perform the modifications for the CLEC. Although Verizon concedes that it does perform a limited number of Mode II to Mode I conversions for its own purposes, it states that the principal purpose for the conversions was to alleviate the potential for call blocking and to accommodate future demand.[6] Verizon also claims that it has never performed such a conversion in order to provision ISDN service to customers. Verizon argues that requiring performance of the SLC conversions for SOI and Cornerstone would provide CLECs with a superior network, contrary to the requirements set forth in the Eighth Circuit's decision in *Iowa I*.

In addition to its legal arguments, Verizon claims that there are several operational limitations to performing the requests of SOI and Cornerstone. For instance, Verizon claims that obtaining additional T1s raises several "technical constraints," such as a shortage of T1s going back to the central office. Also, the installation of signal repeaters, which are needed every mile, requires splicing, which is "problematic." Verizon further argues that, even if all of the materials are available, other "technical factors" may impede the conversion, because ISDN requires four contiguous time slots in the SLC, which may not be available.

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[5] In addition, Verizon claims that as a general practice, it does not add capacity to an outdated SLC but instead waits to upgrade it to a next generation digital loop carrier (NGDLC).

[6] Every two customers on Mode II SLCs must share a line back to the Central Office switch. Thus, if all lines are in use at a given time, the next customer seeking dial tone will not get it.

Therefore, according to Verizon, it does not need to perform the modifications for SOI and Cornerstone.

Verizon also contends that the FCC's list of routine network modifications relates only to modifications that ILECs perform to initially activate high capacity (DS-1 or higher) data circuit orders to meet retail customers' specific requirements and that ISDN is not a high capacity circuit.

B. CLECs

The CLECs argue that Verizon's obligation under the *TRO* to perform routine network modifications includes two categories: (1) modifications that it regularly undertakes for its own retail customers; and (2) routine network modifications that the FCC enumerated in the *TRO*. See *TRO* at ¶ 634. Because each of the activities required to convert a SLC from Mode II to Mode I is on the FCC's list, the CLECs argue that Verizon must perform the conversion. The CLECs also argue that the FCC's routine network modification rules are not limited in application to the provision of high-capacity, DS1 UNEs. The CLECs point to paragraph 638 of the *TRO*, which states that the requirement for ILECs to modify networks on a nondiscriminatory basis applies to "all transmission facilities." Thus, according to the CLECs, it is illogical for Verizon to argue that a particular modification that is routine for a high capacity loop would not be routine for an ISDN loop.

The CLECs claim that the routine network modification rules should be applied to avoid anticompetitive results. The CLECs argue that Verizon must perform network modifications regardless of whether Verizon would undertake that activity for the same purposes. In other words, the CLECs argue that they should not be limited to offering the same services under the same conditions that Verizon currently offers its retail customers; Verizon should not be allowed to undermine the right of CLECs to provide innovative services simply by claiming that certain modifications are not routine.

Addressing broader issues, Conversent argues that the FCC intended to impose national requirements and to provide competitive carriers with greater certainty as to the availability of unbundled high-capacity loops and other facilities throughout the country. Rather than looking at "idiosyncratic circumstances" or isolated geographical areas, AT&T argues that the Commission should consider the broader scope of activities ILECs undertake in general.

V. DECISION

In order to resolve the pending rapid response complaints, we must first determine, as a general matter, the scope of the FCC's rules, i.e., whether the rules apply only to high-capacity facilities and whether they include activities beyond those listed by the FCC. Secondly, we must apply the *TRO*'s rules to the specific complaints brought by SOI and Cornerstone and determine whether Verizon must perform the requested SLC conversions. Finally, we will generally address the issue of cost

recovery and provide guidance on the question of which party must bear the burden for paying for the routine network modifications.

A. Scope of the FCC's List of Modifications

We find, based upon our review of the language in paragraphs 630-641 of the *TRO*, that the list of activities identified in paragraph 634 of the *TRO* as "routine network modifications" relates to DS1 and above high-capacity facilities. Specifically, the language in paragraphs 635[7] and 637[8] of the *TRO* indicates the FCC's intention to identify the types of specific modifications ILECs make to activate a DS1 line for retail customers. We agree with the CLECs that the FCC did make a finding of fact concerning ILEC routine performance of activities necessary to provision a DS1 line and, thus, Verizon must perform all the listed activities when provisioning a DS1.

We also find that the routine network modification rules apply to other transmission facilities. Indeed, the FCC explicitly states in paragraph 638 of the *TRO* that, "[t]he requirement we establish for incumbent LECs to modify their networks on a nondiscriminatory basis is not limited to copper loops, but applies to all transmission facilities, including dark fiber facilities." Furthermore, the FCC's rule does not mention high-capacity facilities when defining routine network modifications; instead, the rule more generally requires ILECs to perform any activities that they "regularly undertake for their own customers," which the FCC describes as those activities "comprising the routine, day-to-day work of managing an incumbent LEC's network." *TRO* at ¶ 632, 637. Therefore, we conclude that the FCC's new routine network modification rules are not limited to high-capacity facilities and include any transmission facilities.

B. Applicability of the FCC's Rules

In *USTA II,* the D.C. Circuit reviewed the routine network modification requirement and upheld the FCC's rule. The Court found that ILECs must perform work for CLECs "of the sort" it performs for its own customers. *USTA II* at 577. Verizon interprets this language to mean that the CLEC's purpose for requesting the modification must match Verizon's purpose in performing that modification for its customers. In its briefs, Verizon claimed that it never converts a SLC in order to provision ISDN to its customers, and thus is not obligated to do so for Cornerstone and SOI. However, at the hearing, there was testimony by both Verizon and the CLECs that

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[7] "The record reveals that attaching routine electronics, such as multiplexers, apparatus cases, and doublers, to *high-capacity loops* is already standard practice in most areas of the country." *TRO* at ¶ 635.

[8] "Although the record before us does not support the enumeration of these activities in the same detail as we do for lit DS1 loops, we encourage state commissions to identify and require such modifications to ensure nondiscriminatory access." *TRO* at ¶ 637.

contradicted Verizon's earlier assertions. Richard Fowler, Verizon's witness at the hearing, testified that Verizon engineers have the discretion to convert a SLC when there is sufficient customer demand for ISDN service.

> EXAMINER BRAGDON: …You also stated, I believe in the same paragraph, that you would not convert a SLC from Mode 2 to Mode 1 for one specific ISDN order. Is there a threshold of additional numbers of ISDN orders that would lead you to do the conversion?
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> MR. FOWLER: There's not any number that's been established by the staff, which I represent. That would be a local decision based on their knowledge of the area. If they're getting requests for additional service types, then that's up to the local engineering folks to determine what needs to be added to the network to provision those services. It's not really kept track of. We don't keep track of -- we get an ISDN order in October and one in January, so –
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> CHAIRMAN WELCH: But presumably it is within the authority of the local engineers to determine there is some number of ISDN orders which would prompt them to make the conversion.
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> MR. FOWLER: Yes, sir, or place an additional type system, depending on what the growth would be as part of the construction program.

See Tr. 7/8/04 at p 52. Thus, contrary to Verizon's assertions, it appears that there are instances in which Verizon will convert a SLC in order to provision ISDN.

In addition to performing conversions for the purposes of ISDN on occasion, Verizon conceded, both in its brief and in hearing testimony, that it performs conversions in order to improve its POTS (plain old telephone service – DS0) service. For example, Mr. Fowler's testimony revealed that Verizon will sometimes perform conversions when there are reports of call blocking. In addition, Verizon conceded that it performs all of the individual activities on the FCC's list to provision or improve POTS service. Specifically, Mr. Fowler testified that, in servicing its DS0 loops, Verizon increases the size of terminals, places additional terminals, places pair gain devices, provisions T1s, places line cards, and changes line cards, all of which are activities on the FCC's list of routine network modifications.

In its Exceptions, Verizon argues that the Examiner failed to distinguish construction activities from provisioning activities and misapplied Verizon's testimony to the FCC's legal standard. Verizon contends that the only relevant evidence to the Commission's inquiry is whether Verizon performs SLC conversions for its retail customers, which Verizon contends it does not do. We find Verizon's distinction between provisioning activities and construction activities unpersuasive and its reading of the testimony too narrow. If we were to apply Verizon's interpretation of the routine

network modification rule, we would limit the CLEC's ability to offer new services or to use the network in a more efficient matter and, thereby, eliminate the benefits of competition. Such a reading might also create incentives for Verizon not to make products available to its retail customers because they involve what Verizon characterizes as "construction" which it does not want to perform for CLECs.

Having rejected Verizon's distinction between construction and provisioning, we find that the activities associated with converting a SLC from Mode II to Mode I for the purposes of provisioning an ISDN line constitute routine network modifications that must be performed by Verizon at a CLEC's request. As noted earlier, the parties have already stipulated to the specific activities necessary to convert a SLC from Mode II to Mode I in order to provide ISDN and to the fact that each of the activities is included on the FCC's list of modifications for DS1s. Further, Verizon also conceded during the hearing that it routinely performs the FCC's list of modifications for its customers at the DS0 level. Testimony at the hearing also established the fact that a DS0 line operates at approximately 24 kb and an ISDN line at 64 - 128 kb and that a DS1 operates at 1,540 kb (or 1.5 mb), putting ISDN between a DS0 and a DS1, in terms of line speed. The FCC rules already require performance of the FCC's complete list for DS1 facilities. Therefore, it stands to reason, that if Verizon routinely performs the FCC's entire list of modifications for both DS0s and DS1s, it should also perform them for ISDN, a similar service with intermediate speeds.

Finally, we reject Verizon's arguments that requiring it to perform SLC conversions will provide CLECs with access to a superior network in violation of the *Iowa I* and *USTA II.* Verizon acknowledged during the hearing that a SLC operating in Mode II is not inferior to Mode I but argues in its Exceptions that the Examiner misconstrued the record because the testimony related only to voice services. Once again, we find Verizon's narrow interpretation of its own testimony unpersuasive. Converting a SLC from Mode II to Mode I does not involve the construction of new facilities – it only requires that Verizon "modify a loop's capacity to deliver services" which the FCC very clearly concluded constitutes modification, not construction. *TRO* at ¶ 635. Finally, as noted above, *USTA II* affirmed the FCC's routine network modification rule and explicitly agreed that activities which activate loops that are not currently activated in the network constitute modification of the network, not construction of the network. *USTA II* at p. 577. Thus, a SLC conversion satisfies the concerns raised by the *USTA II* court that CLECs, such as SOI and Cornerstone, receive only a "routine modification" and not a "superior alteration."

Accordingly, and pursuant to our authority under 47 C.F.R. § 51.319(a)(8) to establish the specific routine network modifications that must be performed for transmission facilities other than DS1s, we find that the activities associated with converting a SLC from Mode II to Mode I for the purposes of provisioning an ISDN line constitute routine network modifications that must be performed by Verizon at a CLEC's request.

C. Cost Recovery

We find, as the FCC did, that Verizon should be compensated for modifications it makes on behalf of CLECs. Whether Verizon is already recovering those costs in existing rates and whether any additional compensation should be in the form of recurring or non-recurring rates cannot be determined without first ascertaining the nature and amount of the costs associated with the modifications and reviewing the cost study underlying the existing rates. We have no specific record before us concerning the costs associated with converting a SLC and whether any of those costs are already included in Verizon's rates. The CLECs have generally alleged that the costs are included in the existing loop rates while Verizon contends that all of the modifications will be "out of pocket" costs. The party best able to determine, in the first instance, whether a cost is already included in rates is Verizon, which is much more familiar with the assumptions built into its own cost study than any CLEC or the Commission.

Thus, we will also follow the FCC's lead in presuming that existing TELRIC rates include the costs associated with routine network modifications. Before we will approve any new charges for routine network modifications, Verizon must present us with a detailed explanation (including references to specific pages in its cost study) of why and how the costs were not included in the TELRIC cost study. Upon such a filing, we will request comment and, potentially, testimony on the issue. Once we have assessed the nature of the costs, we will decide whether and how the costs should be recovered.

A second cost issue raised at the hearing involved so-called "consequential costs" associated with converting a SLC to Mode I. Verizon contended that, in addition to the costs of performing the specific modifications requested, Verizon may incur additional costs at a later date because of the changes made to its network. Both SOI and Cornerstone claimed that a Mode I SLC is no more costly for Verizon than a Mode II SLC and that there were no real consequential costs and, even if there were such costs, they would need to be balanced against the consequential benefits Verizon gained as a result of the modifications, such as increased quality of service to its customers and extension of the exhaust date of the facility.

Again, without specific information in front of us, we cannot reach a final determination of this issue. We do find, however, that the concept of consequential costs cannot extend indefinitely into to the future and should not be used by Verizon as a "second bite at the apple." Thus, if Verizon includes in any proposed routine network modification rates costs which are not incurred at the time of the modification, it must specifically identify the time at which the cost would have been incurred absent the modification, the new expected time of the cost, and the costs associated with delaying or accelerating the cost. Verizon must also identify any financial or other benefits associated with change in time.

VI. CONCLUSION

For the reasons discussed above, we find that the SLC conversions and associated modifications requested by SOI and Cornerstone in order to provision ISDN services constitute routine network modifications which Verizon must perform. We also find that, absent a specific showing to the contrary by Verizon, the costs associated with routine network modifications will be assumed to be recovered in existing recurring and non-recurring rates for UNEs.

Dated at Augusta, Maine, this 22nd day of October, 2004.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Diamond
Reishus